

THE CAPE TOWN OPERA COMPANY NPC
(REGISTRATION NUMBER 1999/017712/08)
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

The Cape Town Opera Company NPC
(Registration number: 1999/017712/08)
Annual Financial Statements for the year ended 31 December 2020



GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The main business of the Company is to promote and/or present opera and musical theatre, including performances by and training of singers and choirs; to provide training and learning programmes for educational institutions; and to provide outreach programmes and educational enrichment for the poor and needy; in South Africa and elsewhere.
DIRECTORS	SM Smith ZA Melane CA Cupido WRE Duminy JM Dingaane FJ Malan CM Ras AJ Gabriel N Khan
REGISTERED OFFICE	The Artscape Theatre Centre 1-10 DF Malan Street Foreshore Cape Town 8001
BUSINESS ADDRESS	The Artscape Theatre Centre 1-10 DF Malan Street Foreshore Cape Town 8001
POSTAL ADDRESS	P O Box 4107 Cape Town 8000
AUDITORS	Meredith Harington Incorporated Chartered Accountants (S.A.) Registered Auditors
LEVEL OF ASSURANCE	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
PREPARER	The annual financial statements were independently compiled under the supervision of: I Brits Chartered Accountant (S.A.)

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DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with the International Financial Reporting Standard for Small and Medium-sized Entities. The external auditor is engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 December 2021 and, in light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditor is responsible for independently auditing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditor and their report is presented on pages 7 to 8.

The annual financial statements set out on pages 9 to 24, which have been prepared on the going concern basis, were approved by the board of directors on 12 May 2021 and were signed on its behalf by:


SM Smith


ZA Melane



DIRECTORS' REPORT

The directors have pleasure in submitting their report on the annual financial statements of The Cape Town Opera Company NPC for the year ended 31 December 2020.

1. REVIEW OF ACTIVITIES

The company's operations and plans, like those of companies across the world, were upended with COVID-19 and the implementation of lockdowns worldwide. In a year that was originally geared towards celebrating the company's 21st birthday, the company redirected, embraced the challenges presented by the pandemic and developed new strategies and projects to enable it to keep fulfilling its mission.

Despite lockdowns and audience restrictions, the company was still able to present a total of 19 performances locally, reaching an audience of 4065, as well as 14 performances internationally, reaching an audience of 10 166. These performances allowed the singers in our Young Artist Programme to showcase and develop their skills and stagecraft, and also allowed audiences to hear the sound of the wonderful Cape Town Opera Chorus.

Filmed projects included: commissioning a new one-act opera, *Amagokra*, a webinar and workshop of which was streamed on the company's YouTube channel; a filmed programme of art songs as part of the Phoenix Central Park *Behind Doors* project; a collaboration with Cape Town City Ballet and Camerata Tinta Barocca of Giovanni Battista Pergolesi's *Stabat Mater*, which was aired on KykNet to great acclaim.

Before the first lockdown was implemented the company's Youth Development and Education programme visited seven provinces as part its National Schools Tour, which assists in preparing learners for the ABC Motsepe South African Schools Choral Eisteddfod. By then they had already reached 1452 learners from 242 schools. Post lockdown they then created a set of 12 instructional videos, posted to YouTube, called *Sing Like a Pro*, which have been extremely popular and successful. The reach of these videos is being extended using radio, and the Department of Basic Education is rolling out the videos nationally. The team also created a Cape Town Opera Activity Book, containing activities based on six operas, for primary school learners. This activity book has been distributed for free across the Cape Metro and the West Coast.

Despite the pandemic, the company's financial position remained stable. The drop in revenue (11%, primarily due to lower production sponsorship and touring fees) was mirrored by a drop in production costs (22%) and general expenses (12%; this includes the government UIF TERS salary supplement). Grant income was broadly stable, with the loss of funding from the National Lotteries Commission offset by a generous new grant from the Judith Neilson Head Trust. The Ackerman Family Educational Trust also generously granted the company flexibility in repayment of its loan.

Altogether, grants and contributions from local and international patrons, trusts, foundations, corporate and government entities provided 82% of the company's income for the year under review. The remaining income (18%) was derived from box office, production sponsorships and international touring fees. Grants from the City of Cape Town (7.5% of total funding) and the Western Cape Department of Cultural Affairs and Sport (9% of total funding) were the principal sources of government funding.

The operating results and state of affairs of the company are fully set out in the annual financial statements. Net profit of the company in the 12 months ending 31 December 2020 was R442 451 (compared to a loss of R804 924 the previous year).

DIRECTORS' REPORT

2. DIRECTORS

The directors in office at the date of this report are as follows:

Directors	Changes
SM Smith, Chairperson	
ZA Melane, Vice Chairperson	
ES Brunelle	Resigned June 2020
CA Cupido	
JM Dingaane	
WRE Duminy	
DG Goosen	Resigned December 2020
N Khan	
FJ Malan	
CM Ras	
AJ Gabriel	Appointed November 2020

3. BORROWING POWERS

In terms of the Articles of Association of the company, the directors may exercise all powers of the company to borrow money as they consider appropriate.

4. EVENTS AFTER THE REPORTING PERIOD

COVID-19 had an impact on the company's operations during the 2020 financial year. The company has been able to postpone four productions to 2021 and will stage certain productions virtually. The company has continued to work on securing funding. The directors are not aware of any other material event which occurred after the reporting date and up to the date of this report.

5. GOING CONCERN

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

6. AUDITOR

Meredith Harington Incorporated have audited these annual financial statements for the period under review in terms of a resolution passed by the directors.

7. SECRETARY

The company had no secretary during the year under review.

8. LIQUIDITY AND SOLVENCY

The directors have performed the required liquidity and solvency tests required by the Companies Act 71 of 2008.

DIRECTORS' REPORT

9. APPROVAL

The annual financial statements were approved by the board of directors and are signed on their behalf by the following two directors on 30 April 2021:

- SM Smith and ZA Melane

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE CAPE TOWN OPERA COMPANY NPC

Opinion

We have audited the annual financial statements of The Cape Town Opera Company NPC (the company) set out on pages 9 to 22, which comprise the statement of financial position as at 31 December 2020, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the annual financial statements, including a summary of significant accounting policies.

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of The Cape Town Opera Company NPC as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the annual financial statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of annual financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to note 17 to the annual financial statements, which describes the effect on the company of national and international travel restrictions as well as national lockdowns ordered in South Africa and various other countries to prevent the spread of the COVID-19 virus. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act 71 of 2008 and the Detailed Income Statement, which we obtained prior to the date of this report. Other information does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the annual financial statements in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities and the requirements of the Companies Act 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



MEREDITH HARINGTON INCORPORATED

Per: Matthys Johannes Le Roux

Registered Auditor

Chartered Accountants (SA)

Director

12 May 2021

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	2020 R	2019 R
ASSETS			
Non-Current Assets			
Property, plant and equipment	2	5 602 757	7 003 985
Current Assets			
Trade and other receivables	3	409 282	632 637
Cash and cash equivalents	4	2 803 593	2 005 840
		3 212 875	2 638 477
Total Assets		8 815 632	9 642 462
EQUITY AND LIABILITIES			
EQUITY			
Retained income		1 869 482	1 427 031
LIABILITIES			
Non-Current Liabilities			
Other financial liabilities	5	6 618 800	5 368 800
Current Liabilities			
Trade and other payables	6	327 350	1 596 631
Other financial liabilities	5	-	1 250 000
		327 350	2 846 631
Total Liabilities		6 946 150	8 215 431
Total Equity and Liabilities		8 815 632	9 642 462

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STATEMENT OF COMPREHENSIVE INCOME

	Notes	2020 R	2019 R
Revenue	7	19 916 385	22 383 919
Cost of sales	8	(7 591 758)	(9 693 836)
Gross profit		12 324 627	12 690 083
Operating expenses		(11 951 188)	(13 613 013)
Operating profit (loss)	9	373 439	(922 930)
Investment revenue	10	69 012	118 006
Profit (loss) for the year		442 451	(804 924)

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STATEMENT OF CHANGES IN EQUITY

	Retained income R	Total equity R
Balance at 01 January 2019	2 231 955	2 231 955
Loss for the year	(804 924)	(804 924)
Balance at 01 January 2020	1 427 031	1 427 031
Profit for the year	442 451	442 451
Balance at 31 December 2020	1 869 482	1 869 482

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STATEMENT OF CASH FLOWS

	Note	2020 R	2019 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	13	1 515 890	900 883
Interest income		69 012	118 006
Net cash from operating activities		1 584 902	1 018 889
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	2	(787 149)	(2 011 886)
CASH FLOWS FROM FINANCING ACTIVITIES			
Movement on other financial liabilities		-	1 400 000
Net cash from financing activities		-	1 400 000
Total cash movement for the year		797 753	407 003
Cash at the beginning of the year		2 005 840	1 598 837
Total cash at end of the year	4	2 803 593	2 005 840

ACCOUNTING POLICIES

1. Presentation of annual financial statements

The annual financial statements have been prepared on a going concern basis in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities, and the Companies Act 71 of 2008. The annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make judgements, estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

Critical judgements in applying accounting policies

Management are required to make critical judgements in applying accounting policies from time to time. The judgements, apart from those involving estimations, that have the most significant effect on the amounts recognised in the annual financial statements, are outlined as follows:

Property, plant and equipment

Management makes judgements in allocating costs of scenery, props and costumes to the assets on initial recognition and subsequently on use in new productions.

Management makes judgements annually in determining the probability of recurring future productions and, on that basis, estimate the average useful lives of scenery, props and costumes as well as whether impairment is necessary.

Key sources of estimation uncertainty

Impairment testing

The company reviews and tests the carrying value of property, plant and equipment and intangible assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. When such indicators exist, management determine the recoverable amount by performing value in use and fair value calculations. These calculations require the use of estimates and assumptions. When it is not possible to determine the recoverable amount for an individual asset, management assesses the recoverable amount for the cash generating unit to which the asset belongs.

Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of economic and other factors.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the company holds for its own use or for rental to others and which are expected to be used for more than one period.

Property, plant and equipment is initially measured at cost.

Cost includes costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.



ACCOUNTING POLICIES

1.2 Property, plant and equipment (continued)

Depreciation is provided using the straight-line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	3 years
Costumes	Straight line	3 productions
Furniture and fixtures	Straight line	5 years
IT equipment	Straight line	3 years
Motor vehicles	Straight line	5 years
Scenery and props	Straight line	5 productions

The residual value, depreciation method and useful life of each asset are reviewed only where there is an indication that there has been a significant change from the previous estimate.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit and loss

1.3 Financial instruments

Initial measurement

Financial instruments are initially measured at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit or loss) unless the arrangement constitutes, in effect, a financing transaction in which case it is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial instruments at amortised cost

These include loans, trade receivables and trade payables. Those debt instruments which meet the criteria in section 11.8(b) of the standard, are subsequently measured at amortised cost using the effective interest method. Debt instruments which are classified as current assets or current liabilities are measured at the undiscounted amount of the cash expected to be received or paid, unless the arrangement effectively constitutes a financing transaction.

At each reporting date, the carrying amounts of assets held in this category are reviewed to determine whether there is any objective evidence of impairment. If there is objective evidence, the recoverable amount is estimated and compared with the carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

Financial instruments at cost

Commitments to receive a loan are measured at cost less impairment.

Equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably without undue cost or effort are measured at cost less impairment.

All financial assets whose fair value cannot otherwise be measured reliably, and which do not meet the criteria to be designated as instruments measured at amortised cost, are measured at cost less impairment.

Financial instruments at fair value

All other financial instruments are measured at fair value through profit or loss.

ACCOUNTING POLICIES

1.4 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are operating leases.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term unless:

- another systematic basis is representative of the time pattern of the benefit from the leased asset, even if the payments are not on that basis, or
- the payments are structured to increase in line with expected general inflation (based on published indexes or statistics) to compensate for the lessor's expected inflationary cost increases.

Any contingent rents are expensed in the period they are incurred.

1.5 Impairment of assets

The company assesses at each reporting date whether there is any indication that an asset may be impaired.

If there is any such indication, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If the estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset (or group of assets) in prior years. A reversal of impairment is recognised immediately in profit or loss.

1.6 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as leave pay and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

1.7 Provisions and contingencies

Provisions are recognised when the company has an obligation at the reporting date as a result of a past event; it is probable that the company will be required to transfer economic benefits in settlement; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

1.8 Government grants and other funding

Grants that do not impose specified future performance conditions are recognised in income when the grant proceeds are receivable.

Grants that impose specified future performance conditions are recognised in income only when the performance conditions are met.

Grants and other funding received before the revenue recognition criteria are satisfied are recognised as a liability.

Grants are measured at the fair value of the asset received or receivable.

ACCOUNTING POLICIES

1.9 Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. When the outcome of a transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Interest is recognised, in profit or loss, using the effective interest rate method.

1.10 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
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2. PROPERTY, PLANT AND EQUIPMENT

	2020			2019		
	Cost or revaluation	Accumulated depreciation	Carrying value	Cost or revaluation	Accumulated depreciation	Carrying value
Furniture and fixtures	183 324	(162 009)	21 315	213 180	(185 775)	27 405
Motor vehicles	561 860	(440 124)	121 736	561 860	(327 752)	234 108
IT equipment	514 043	(372 211)	141 832	359 527	(328 385)	31 142
Computer software	36 395	(36 395)	-	36 395	(36 395)	-
Scenery and props	8 754 208	(5 201 417)	3 552 791	10 342 507	(5 451 477)	4 891 030
Costumes	6 182 523	(4 417 440)	1 765 083	5 955 545	(4 135 245)	1 820 300
Total	16 232 353	(10 629 596)	5 602 757	17 469 014	(10 465 029)	7 003 985

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Closing balance
Furniture and fixtures	27 405	-	-	(6 090)	-	21 315
Motor vehicles	234 108	-	-	(112 372)	-	121 736
IT equipment	31 142	154 516	-	(43 826)	-	141 832
Scenery and props	4 891 029	341 915	(1 246 554)	(220 961)	(212 638)	3 552 791
Costumes	1 820 301	290 718	(49 113)	(68 363)	(228 460)	1 765 083
Total	7 003 985	787 149	(1 295 667)	(451 612)	(441 098)	5 602 757

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Depreciation	Impairment loss	Closing balance
Furniture and fixtures	-	30 450	(3 045)	-	27 405
Motor vehicles	346 480	-	(112 372)	-	234 108
IT equipment	8 858	36 085	(13 801)	-	31 142
Computer software	11 123	-	(11 123)	-	-
Scenery and props	5 322 724	1 591 801	(324 216)	(1 699 280)	4 891 029
Costumes	1 587 194	353 550	(117 850)	(2 593)	1 820 301
Total	7 276 379	2 011 886	(582 407)	(1 701 873)	7 003 985

3. TRADE AND OTHER RECEIVABLES

Prepaid expenses	360 968	356 064
Trade receivables	-	207 364
VAT	48 314	69 209
Total	409 282	632 637



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
4. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	2 789 882	1 974 144
Cash on hand	13 711	31 696
	2 803 593	2 005 840
5. OTHER FINANCIAL LIABILITIES		
At amortised cost		
The Ackerman Family Educational Trust	5 400 000	5 400 000
<p>The loan is unsecured, has no fixed terms of repayment and interest is charged as determined between the parties from the time to time. In accordance with a repayment agreement concluded in the prior year, it was the intention to repay R 1 250 000 by July 2020, followed by a repayment of R 1 750 000 by December 2021 and R 800 000 by 2022. No specific payment arrangement had been made for the remaining R 1 600 000. During the 2020 financial year the repayment terms were renegotiated and it was agreed that all repayments will be postponed until 2022 at which time the exact timing and amounts will be determined.</p>		
Cape Town Opera Trust	118 800	118 800
<p>The loan is unsecured, interest free and not subject to any fixed terms of repayment. It is anticipated that the loan will be converted into a donation to the company by The Cape Town Opera Trust on dissolution of the trust.</p>		
Cape Town Opera Endowment Trust	1 100 000	1 100 000
<p>The loan is unsecured, has no fixed terms of repayment and interest is charged as determined between the parties from time to time.</p>		
	6 618 800	6 618 800
Non-current liabilities		
At amortised cost	6 618 800	5 368 800
Current liabilities		
At amortised cost	-	1 250 000
	6 618 800	6 618 800

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
6. TRADE AND OTHER PAYABLES		
Accrued audit fees	127 841	127 841
Amounts received in advance	-	1 199 372
Employee costs payable	132 894	239 942
Other payables	17 279	-
Trade payables	49 336	29 476
	327 350	1 596 631

7. REVENUE

Box office and related income	740 070	563 563
City of Cape Town	1 500 000	5 300 000
Individuals and patrons	740 569	726 900
International touring fees	1 858 086	3 294 070
Local production sponsorship	1 006 350	1 620 090
National Arts Council	115 000	-
National Lotteries Commission	250 000	2 476 509
Non-government funding and grants	11 455 673	6 406 292
Sigrid Rausing Trust grant	339 898	-
Sundry income	47 763	108 147
Western Cape Government DCAS	1 800 000	1 800 000
Western Cape Government DCAS (Expanded Public Works Programme)	62 976	88 348
	19 916 385	22 383 919

City of Cape Town provides funding in tranches as allocated to its financial year ending July. This creates a timing difference when compared to the revenue recognised by the company for its financial year ended December.

8. COST OF SALES

Local opera and other productions	5 955 617	6 233 098
International touring cost	1 636 141	3 460 738
	7 591 758	9 693 836

9. OPERATING PROFIT (LOSS)

Operating profit (loss) for the year is stated after accounting for the following:

Operating lease charges

Premises		
• Contractual amounts	58 643	170 400

Loss on disposal of property, plant and equipment	1 295 667	-
Impairment on property, plant and equipment	441 098	1 701 873
Depreciation on property, plant and equipment	451 612	582 407
Employee costs	7 976 713	8 702 551
UIF TERS payments received by staff to compensate for reduced earnings	1 472 244	-



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
10. INVESTMENT REVENUE		
Interest revenue		
Interest received from bank accounts	69 012	118 006
11. TAXATION		
<p>In terms of section 10(1)(cN) of the Income tax Act 1962 as amended, the company has been approved by the Commissioner of the South African Revenue services as a Public Benefit Organisation. Accordingly, it is exempt from taxation.</p> <p>The Public Benefit Organisation has also been approved for purposes of section 18A(1)(a) of the Act and donations to the organisation will be tax deductible in the hands of the donors in terms of and subject to the limitations prescribed in section 18A of the Act.</p>		
12. AUDITOR'S REMUNERATION		
Fees	77 609	127 841
Fees paid on behalf of Cape Town Opera Endowment Trust	4 300	24 499
Fees paid on behalf of Cape Town Opera Trust	22 300	7 912
Fees paid on behalf of Opera Training Trust	5 650	13 141
Tax, secretarial and other services	32 223	27 118
	142 082	200 511
13. CASH GENERATED FROM OPERATIONS		
Profit (loss) before taxation	442 451	(804 924)
Adjustments for:		
Depreciation of property, plant and equipment	451 612	582 407
Loss on disposal of property, plant and equipment	1 295 667	-
Interest received	(69 012)	(118 006)
Impairment on property, plant and equipment	441 098	1 701 873
Non-cash donation received	-	(1 000 000)
Changes in working capital:		
Trade and other receivables	223 355	(485 581)
Trade and other payables	(1 269 281)	1 025 114
	1 515 890	900 883

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
14. RELATED PARTIES		
Relationships		
Member of the company		The Cape Town Opera Trust The Cape Town Opera Endowment Trust Opera Training Trust
Managing Director		AJ Gabriel (Appointed during 2020) ZA Melane (Interim during 2020) ES Brunelle (Resigned during 2020)
Related party balances and transactions		
Related party balances		
Loan accounts - Owing to related parties		
Cape Town Opera Trust	118 800	118 800
Cape Town Opera Endowment Trust	1 100 000	1 100 000
Related party transactions		
Audit/Accounting fees incurred on behalf of related parties		
Cape Town Opera Endowment Trust	4 300	24 499
Cape Town Opera Trust	22 300	7 912
Opera Training Trust	5 650	13 141
Non-cash donations received from related parties		
Cape Town Opera Endowment Trust	-	1 000 000
15. COMMITMENTS		
Operating leases – as lessee (expense)		
Minimum lease payments due		
- within one year	340 444	357 066
- in second to fifth year inclusive	1 352 178	1 710 530
- later than five years	647 088	964 057
	2 339 710	3 031 653

Operating lease payments represent rentals payable by the company for certain of its office properties and office equipment. The property lease has been negotiated for an average term of ten years and an annual increase of 7% is applicable. The lease for office equipment is negotiated for an average term of five years with an annual increase of 10%. No contingent rent is payable. The operating leases are presented exclusive of VAT.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS

	2020 R	2019 R
16. DIRECTORS' REMUNERATION		
Executive		
2020		
Salaries (ES Brunelle, ZA Melane & AJ Gabriel - for portions of the year)	Emoluments 660 270	Total 660 270
2019		
Salaries (ES Brunelle - full year)	Emoluments 664 672	Total 664 672

17. EVENTS AFTER THE REPORTING PERIOD

National and international travel restrictions as well as national lockdowns ordered in South Africa and various other countries in an effort to stop the spreading of the COVID-19 virus have resulted in the postponement or cancellation of some productions and tours. It is currently not possible to estimate the full financial impact on the company.

Management have produced their cash flow forecast for the year and made arrangements to ensure sufficient cash balances will be available throughout. These arrangements include the postponement of four productions to 2021, staging certain productions virtually and the reduction of certain administrative overheads in conjunction with the postponement of a significant loan repayment. The directors are satisfied that these arrangements will provide the company with sufficient cash flow to continue in operation for the foreseeable future.

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DETAILED INCOME STATEMENT

	Note	2020 R	2019 R
REVENUE			
Box office and related income		740 070	563 563
City of Cape Town		1 500 000	5 300 000
Individuals and patrons		740 569	726 900
International touring fees		1 858 086	3 294 070
Local production sponsorship		1 006 350	1 620 090
National Arts Council		115 000	-
National Lotteries Commission		250 000	2 476 509
Non-governmental funding and grants		11 455 673	6 406 292
Sigrid Rausing Trust grant		339 898	-
Sundry income		47 763	108 147
Western Cape Government DCAS		1 800 000	1 800 000
Western Cape Government DCAS (Expanded Public Works Programme)		62 976	88 348
	7	19 916 385	22 383 919
COST OF SALES			
Local opera and other productions		(5 955 617)	(6 233 098)
International touring cost		(1 636 141)	(3 460 738)
	8	(7 591 758)	(9 693 836)
Gross profit		12 324 627	12 690 083
OTHER INCOME			
Interest received		69 012	118 006
Expenses (Refer to page 24)		(11 951 188)	(13 613 013)
Profit (loss) for the year		442 451	(804 924)

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DETAILED INCOME STATEMENT

	Note	2020 R	2019 R
OPERATING EXPENSES			
Auditor's remuneration	12	142 082	200 511
Bank charges		9 126	15 208
Board expenses		11 674	39 425
Computer expenses		234 073	327 253
Depreciation and impairments		892 710	2 284 280
Employee costs		7 976 713	8 702 551
Fundraising expenses		8 189	258 336
Institutional marketing		245 298	471 218
Insurance		100 269	101 909
Loss on disposal of assets		1 295 667	-
Loss on exchange difference		2 000	7 303
Office expenses		202 255	103 743
Payroll and administration fees		53 914	57 397
Printing and stationery		183 115	220 493
Rent and related operating expenses		58 643	170 400
Repairs and maintenance		2 694	41 292
Staff welfare		13 059	29 907
Telephone and fax		220 690	133 017
Travel - local and foreign grant expenses		273 675	404 016
Wardrobe and design consumables		25 342	44 754
		11 951 188	13 613 013